



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-3873  
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE  
AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS  
JOHN NAIMO  
JAMES L. SCHNEIDERMAN  
JUDI E. THOMAS

July 1, 2011

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe

FROM: Wendy L. Watanabe  
Auditor-Controller

SUBJECT: **THE HELP GROUP CHILD AND FAMILY CENTER – A DEPARTMENT  
OF MENTAL HEALTH AND DEPARTMENT OF CHILDREN AND  
FAMILY SERVICES CONTRACT PROVIDER – CONTRACT  
COMPLIANCE REVIEW**

We have completed a review of The Help Group Child and Family Center (HGCFC or Agency). Our review was intended to evaluate the Agency's compliance with two separate County contracts. The Department of Mental Health (DMH) contracts with HGCFC to provide mental health services, including interviewing Program clients, assessing their mental health needs, and implementing treatment plans. The Department of Children and Family Services (DCFS) also contracts with HGCFC to provide Wraparound Approach Services (Wraparound) Program services to children and their families, including therapy, housing, education and social assistance.

The purpose of our review was to determine whether HGCFC provided services in accordance with their County contracts. We also evaluated the adequacy of the Agency's accounting records, internal controls, and compliance with federal, State and County guidelines.

DMH paid HGCFC approximately \$10.6 million on a cost-reimbursement basis for Fiscal Year (FY) 2009-10. DCFS paid HGCFC approximately \$2.3 million on a fee-for-service basis for FY 2009-10. The Agency's offices are located in the Second and Third Supervisorial Districts.

## **Results of Review**

### **DMH Program Review**

HGCFC maintained documentation to support the service minutes reviewed, and the Agency staff assigned to the DMH Program had the required qualifications. However, the Agency did not always comply with the County contract requirements. Specifically:

- Seventeen (38%) of the 45 client Assessment forms reviewed did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM).
- Ten (22%) of the 45 Client Care Plans sampled did not include client-specific goals.

*HGCFC's attached response indicates that the Agency will continue to provide training to their clinical staff to ensure that the Assessments and Client Care Plans are adequately documented.*

### **DMH and DCFS Wraparound Programs Fiscal Review**

HGCFC maintained adequate controls over cash and liquid assets. However, HGCFC charged DMH \$1,151,510 and DCFS Wraparound \$91,545 in questioned costs. Specifically, HGCFC:

- Charged \$1,114,560 and \$88,969 to the DMH and Wraparound Programs, respectively, for facilities leased from related parties without documentation that the leases were charged at the lower of actual cost or fair market value as required by the County contract. HGCFC leased the facilities from related parties controlled by the same board of directors and executive management as HGCFC. The County contract allows agencies to charge related party transactions only up to the lower of actual cost or fair market value. HGCFC has not provided documentation to support the lease charges.

*After our review, HGCFC provided documentation of their actual facility costs. HGCFC's attached response indicates that the Agency determined their actual costs for DMH and Wraparound Program facilities as \$505,354 and \$30,160, respectively. HGCFC agreed to reduce their FY 2009-10 DMH Cost Report and their reported Wraparound Program expenditures by the balance of the questioned costs; \$609,206 and \$55,145, respectively.*

- Overcharged DMH \$25,640 for vehicles the Agency leased from a related party at a higher rate than allowed. The total lease amounts charged to the DMH Program in FY 2009-10 were \$28,500. However, the related party's actual cost was only \$2,860.

*HGCFC's attached response indicates that the Agency will revise the FY 2009-10 DMH Cost Report to reduce the costs by \$25,640.*

- Allocated \$11,310 to the DMH Program for shared Program expenditures without documentation to support the expenditures or the allocation rates.

*HGCFC's attached response indicates that they will revise their shared costs allocation based on a time study they have recently completed.*

- Allocated \$2,576 to the Wraparound Program in FY 2010-11 for utilities without documentation to support the allocation rates.

*HGCFC's attached response indicates that they will revise their shared costs allocations based on a time study they have recently completed.*

Details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed the results of our review with HGCFC, DMH and DCFS. The Agency's attached response indicates they agree with our findings and recommendations. DMH and DCFS will ensure that HGCFC implements the recommendations in our report.

We thank HGCFC's management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:EB

Attachment

- c: William T Fujioka, Chief Executive Officer  
Marvin J. Southard, D.S.W., Director, DMH  
Jackie Contreras, Ph.D., Acting Director, DCFS  
Gary H. Carmona, Chair, Board of Directors, HGCFC  
Barbara Firestone, Ph.D., CEO, HGCFC  
Public Information Office  
Audit Committee

**THE HELP GROUP CHILD AND FAMILY CENTER  
DEPARTMENT OF MENTAL HEALTH AND DEPARTMENT OF CHILDREN AND  
FAMILY SERVICES WRAPAROUND PROGRAM  
CONTRACT COMPLIANCE REVIEW  
FISCAL YEARS 2009-10 AND 2010-11**

**BILLED SERVICES**

**Objective**

Determine whether The Help Group Child and Family Center (HGCFC or Agency) provided the services billed to the Department of Mental Health (DMH) in accordance with their DMH contract.

**Verification**

We selected 50 billings, totaling 4,317 minutes, from the 391,881 service minutes, and 15 full and half-day billings from 1,645 service days of approved Medi-Cal billings from September and October 2007. We also selected an additional five billings from the approved Medi-Cal billings for May and June 2010. We reviewed the Assessments, Client Care Plans and Progress Notes in the clients' charts for the selected billings.

**Results**

HGCFC maintained documentation to support the service minutes sampled, and completed the Progress Notes as required by the County contract. However, HGCFC did not complete some elements of the Assessments and Client Care Plans in accordance with the DMH contract requirements.

**Assessments**

HGCFC did not adequately describe the clients' symptoms and behaviors on the Assessments, consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM), to support the diagnoses for 17 (38%) of the 45 clients sampled. The DMH contract requires the Agency to follow DSM when diagnosing clients. DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental disorder and the criteria for diagnosing them.

**Client Care Plans**

Ten (22%) of the 45 Client Care Plans sampled did not contain specific goals for the clients as required by the County contract.

**Recommendation**

1. HGCFC management ensure that Assessments and Client Care Plans are adequately documented and completed in accordance with the County contract.

**STAFFING QUALIFICATIONS**

**Objective**

Determine whether HGCFC treatment staff had the qualifications required to provide the services.

**Verification**

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for three treatment staff, who provided services to DMH clients during May and June 2010.

**Results**

All three employees in our sample had the qualifications required to provide the services billed.

**Recommendation**

None.

**CASH/REVENUE**

**Objective**

Determine whether the Agency deposited cash receipts timely, and recorded revenue in the Agency's records properly.

**Verification**

We interviewed HGCFC's management, and reviewed the Agency's financial records. We also reviewed three bank reconciliations for September 2010.

**Results**

HGCFC deposited cash timely and recorded revenue properly.

**Recommendation**

None.

**COST ALLOCATION PLAN****Objective**

Determine whether HGCFC prepared their Cost Allocation Plan in compliance with the DMH and Wraparound contracts, and used the Plan to allocate shared expenditures appropriately.

**Verification**

We reviewed the Agency's Cost Allocation Plan and selected eight shared expenditures, totaling \$1,188,296, incurred between July 2009 and September 2010, to ensure that expenditures were allocated among the Agency's programs appropriately.

**Results**

HGCFC prepared their Cost Allocation Plan in compliance with the DMH and Wraparound contracts. However, the Agency allocated \$1,127,460 to the DMH Program and \$91,545 to the Wraparound Program in questioned costs. Specifically:

**DMH Program**

- \$1,114,560 in Fiscal Year (FY) 2009-10 for lease charges for facilities that were leased from related parties without documentation that the charges were the lower of actual cost or fair market value. HGCFC leased the facilities from related parties controlled by the same board of directors and executive management as HGCFC. The County contract allows agencies to charge related party transactions only up to the lower of actual cost or fair market value. HGCFC indicated that they leased the facilities at fair market value. However, the Agency did not provide documentation to support the lease charges.
- \$11,310 for shared expenditures in FY 2010-11, without payroll records or time reports to support the allocations.

DMH pays HGCFC a negotiated rate per unit of service. However, if the total amount paid by DMH exceeds HGCFC's actual costs, the Agency must repay DMH the excess revenue. The Agency reports their revenues and actual expenditures on their annual Cost Report.

Wraparound Program

- \$85,308 for lease charges in FY 2009-10 for facilities that were leased from related parties without documentation that the lease costs were for the lower of actual cost or fair market value.
- \$2,576 for utility expenditures in FY 2010-11 without documentation to support the allocation rates.

**Recommendations**

**HGCFC management:**

2. Provide documentation to support the leased properties, reduce lease cost to the lower of cost or fair market value, repay DCFS for the over-allocated amount and revise their DMH FY 2009-10 Cost Report for the over-allocated amounts.
3. Provide documentation to support the \$11,310, and reduce the FY 2010-11 DMH Program expenditures by the unsupported amounts.
4. Provide documentation to support \$2,576 in utility charges, or repay DCFS for the unsupported amount.
5. Ensure that only allowable expenditures are charged to the DMH Program.
6. Ensure that their cost allocation methodologies are supported.

**EXPENDITURES**

**Objective**

Determine whether the DMH and Wraparound Program related expenditures are allowable under the contracts, documented properly and billed accurately.

**Verification**

We interviewed Agency personnel, and reviewed financial records and documentation to support ten Wraparound and DMH Program expenditures, totaling \$55,849, between July 2009 and September 2010.

**Results**

HGCFC overcharged DMH \$25,640 for vehicles leased from a related party at a cost that was approximately nine times higher than the related party's actual cost. The

related party is controlled by same board members and executive management as HGCFC. The County contract allows agencies to charge related party transactions only up to the lower of actual cost or fair market value. The total lease amount charged to the DMH Program in FY 2009-10 was \$28,500. However, the related party's actual cost was only \$2,860, resulting in \$25,640 in unallowable costs charged to DMH.

### **Recommendations**

#### **HGCFC management:**

- 7. Reduce the FY 2009-10 DMH Cost Report by \$25,640 and repay DMH the excess amount received.**
- 8. Ensure that related party transactions are charged at lower of actual cost or fair market value.**

### **FIXED ASSETS**

#### **Objective**

Determine whether fixed asset depreciation charged to the DMH and Wraparound Programs were allowable under the contracts, documented properly and billed accurately.

#### **Verification**

We interviewed Agency personnel, and reviewed the Agency's fixed asset and equipment inventory listing. In addition, we reviewed the \$2,064 in depreciation expense charged to the Wraparound Program during FY 2009-10.

#### **Results**

The depreciation expense charged to the Wraparound Program was allowable, documented properly, and billed accurately.

#### **Recommendation**

**None.**

### **PAYROLL AND PERSONNEL**

#### **Objective**

Determine whether payroll expenditures were appropriately charged to the DMH and Wraparound Programs. In addition, determine whether personnel files were maintained as required.



**Verification**

We reviewed DMH and Wraparound-related payroll expenditures, totaling \$14,965, for nine employees to the payroll records for August 2010, and reviewed personnel files for the nine employees.

**Results**

HGCFC's payroll expenditures were appropriately charged to the DMH and Wraparound Programs. In addition, the Agency maintained the personnel files as required.

**Recommendation**

**None.**

**COST REPORT**

**Objective**

Determine whether HGCFC's FY 2009-10 DMH Cost Report reconciled to the Agency's accounting records.

**Verification**

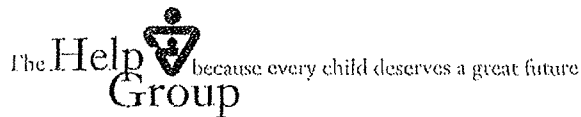
We traced the Agency's FY 2009-10 DMH Cost Report to the Agency's accounting records.

**Results**

HGCFC's Cost Report reconciled to the Agency's accounting records.

**Recommendation**

**None.**



Administrative Offices  
13130 Burbank Blvd.  
Sherman Oaks, CA 91401  
Tel: 818.781.0360  
Fax: 818.988.4089  
www.thehelpgroup.org

April 14, 2011

Susan Kim, CPA, CIA  
Principal Accountant-Auditor  
Los Angeles County Auditor-Controller,  
Countywide Contract Monitoring Division

RE: The Help Group Child and Family Center  
DMH/Wraparound Contract Compliance Report  
Responses/Corrective Action Plan

HGCFC maintained documentation to support the service minutes sampled and completed the Progress Notes as required by the County contract. However, HGCFC did not complete some elements of the Assessments and Client Care Plans in accordance with the County contract requirements.

#### Assessments

HGCFC did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) to support the given diagnosis for 17 (38%) of the 45 clients sampled. The County contract requires the Agency to follow DSM when diagnosing clients. DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental disorder and the criteria for diagnosing them.

#### Client Care Plans

The Agency did not complete some elements of the Client Care Plans for 10 (22%) of the 45 clients sampled in accordance with the County contract. Specifically, Client Care Plans contained goals that were specific.

#### **Recommendation**

**HGCFC management ensure that Assessments and Client Care Plans are completed in accordance with the County contract.**

#### **Response:**

***To ensure that Assessments and Client Care Plans are completed in accordance with the county contract HGCFC has put the following procedures in place:***

- 1. Related training has already begun and will continue at regular intervals at supervisory and clinician levels to ensure adequate description of symptoms related to the diagnosis.***

The Help Group - Center for Autism Spectrum Disorders • Young Learners Preschool for Autism  
The Help Group - National Autism Foundation • Village Glen School • Bridgeport School • Sunrise School for Autism & Developmental Disabilities

The Help Group - UCLA Neuropsychology Program • Summit View School • Goldwater Canyon Prep Program

The Help Group Child & Family Center • Pacific Schools • Project Six

Campuses: CULVER CITY • SHERMAN OAKS • VALLEY GLEN • VAN NUYS

2. *Related training has already begun and will continue at regular intervals at supervisory and clinician levels to ensure that all elements of the CCP are completed.*
3. *Regularly scheduled chart reviews will be utilized to ensure that required documentation as described above is adequately addressed. Additional training will occur if it is determined that particular clinicians need additional training.*

## **COST ALLOCATION PLAN**

### **Objective**

Determine whether HGCFC's Cost Allocation Plan is prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

### **Verification**

We reviewed the Agency's Cost Allocation Plan and selected eight shared expenditures totaling \$1,188,296 incurred between July 2009 and September 2010 to ensure that the expenditures were appropriately allocated to the Agency's programs.

### **Results**

HGCFC prepared their Cost Allocation Plan in compliance with the County contract. However, the Agency allocated \$1,127,460 to the DMH program and \$91,545 to the Wraparound Program in questioned costs. Specifically, HGCFC allocated:

#### **DMH Program**

- \$1,114,560 in Fiscal Year (FY) 2009-10 for leasing four facilities from related parties without documentation to support that the lease costs were charged at lower of actual costs or fair market value. Specifically, HGCFC leased the facilities from three related parties controlled by the same board of directors and executive management as HGCFC. The County contract allows agencies to charge related party transactions only up to the lower of actual costs or fair market value. HGCFC indicated that the facilities were leased at fair market value. However, the Agency has not provided the actual costs incurred by the related parties or fair market value of the facilities.

- \$11,310 in FY 2010-11 of shared program expenditures without payroll records or time reports to support their allocation rates.

---

DMH pays HGCFC based on a negotiated rate per unit of service provided rather than cost reimbursement. If the Agency's revenues exceed their actual expenditures, the Agency must

repay DMH for the excess amount received. The Agency reports their revenues and actual expenditures on their annual Cost Report and repays DMH for any excess amounts paid.

#### Wraparound Program

- \$85,308 in FY 2009-10 for leasing two facilities from related parties without documentation to support that the lease costs were charge at lower of actual costs or fair market value. HGCFC leased the facilities from two related parties controlled by the same board of directors and executive management as HGCFC. The County contract allows agencies to charge related party transactions only up to the lower of actual costs or fair market value. HGCFC indicated that the facilities were leased at fair market value. However, the Agency has not provided the actual costs incurred by the related parties or fair market value of the facilities.
- \$2,576 in FY 2010-11 for utility expenditures without documentation to support the allocation rates.

#### Recommendations

##### HGCFC management:

2. Provide documentation to support the lower of actual costs or fair market value for the leased properties and repay DCFS and revise DMH FY 2009-10 Cost Report for over allocated amounts.

##### *Response:*

*- While the agency did provide documentation for the fair market value of leased properties, the Agency (HGCFC) has revisited all area occupancy to ensure that allocations based on square footage are accurate. We have identified the actual costs that were not charged to the program and allocated them based on area occupancy on record at that time resulting in \$505,354 of actual cost. HGCFC will redo the FY 2009-10 Cost Report based on adjusted cost (see attached worksheet). Supporting documentation for the attached worksheet was provided to Ninez Mendoza. We are adding the documentation that was missing to justify the DMH occupancy at the Sherman Oaks campus totaling 17,144 Sq.Ft that was outstanding.*

3. Provide documentation to support the \$11,310 and reduce the FY 2009-10 Cost Report and FY 2010-11 DMH program expenditures by the unsupported amounts.

##### *Response:*

*- \$11,310 was allocated based on salaries. The agency (HGCFC) has done a time study to support all allocations based on salary. Since the \$11,310 is part of the current fiscal year (FY 10-11), the allocations will be adjusted to make sure*

*that shared program expenditures are supported with actual allocation rates determined by the time study.*

**4. Provide documentation to support \$2,576 or repay DCFS for unsupported amount.**

***Response:***

*- \$2,576 was allocated based on salaries. The agency (HGCFC) has done a time study to support all allocations based on salary. Since the \$2,576 is part of the current fiscal year (FY 10-11), the allocations will be adjusted to make sure that shared program expenditures are supported with actual allocation rates determined by the time study.*

**5. Ensure that only allowable expenditures are charged to the DMH program.**

***Response:***

*- All expenses will be or are reviewed for accuracy and that they are allowable per OMB Circular A122.*

**6. Ensure that allocation methodologies are supported by adequate documentation.**

***Response:***

*- HGCFC has done a time study and utilizing the time study to ensure that allocation methodologies are supported.*

## **EXPENDITURES**

### **Objective**

Determine whether the DMH and Wraparound Program related expenditures are allowable under their County contracts, properly documented and accurately billed.

### **Verification**

We interviewed Agency personnel and reviewed financial records and documentation to support five Wraparound expenditures totaling \$9,979 and five DMH expenditures totaling \$45,870 incurred between July 2009 and September 2010.

### **Results**

HGCFC's Wraparound Program expenditures were properly documented and accurately billed. However, HGCFC overcharged DMH \$25,640 for leasing vehicles from a related party at a higher rate than allowed. The related party is controlled by same board members and executive management as HGCFC. The County contract allows agencies to charge

related party transactions only up to the lower of actual costs or fair market value. The total van lease amounts charged to the DMH Program in FY 2009-10 was \$28,500. However, the related party's actual cost was \$2,860, resulting in an overcharge of \$25,640.

## Recommendations

### HGCFC management:

7. Reduce the FY 2009-10 DMH Cost Report by \$25,640 and repay DMH for any excess amount received.

*Response:*

- *HGCFC will redo the FY 2009-10 DMH Cost Report to reduce the cost by the disallowed amount (\$25,640).*

8. Ensure that related party transactions are charged at lower of actual costs or fair market value.

*Response:*

- *The Agency has done a time study to utilize as the method to allocate costs to insure that in the future all related party transactions are charged at lower of actual costs or fair market value. We have identified the actual cost that were not charged to the program and allocated them based on area occupancy on record at that time resulting in \$30,160 of actual cost for the Wraparound program (see attached worksheet).*

Sincerely,



Michael Love  
Senior Vice President of Finance